



# CS MINING

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M/001/0067  
cc: Tom  
Paul  
**RECEIVED**

Task: 4525

DEC 05 2011

DIV. OF OIL, GAS & MINING

December 1, 2011

Mr. Paul Baker  
Division of Oil, Gas and Mining  
P. O. Box 145801  
Salt Lake City, Utah 84114-5801

Re: Tailing Impoundment Project

Dear Mr. Baker:

On November 17, 2011, we had Tom Munson in our office as part of an inspection on recent exploration projects, reclamation on the Copper Ranch and an extended discussion on the tailings and tailings pond issue. Tom requested that I forward a letter to explain our plans on handling the tailings that were placed below the existing mill building in 2009-2010.

It is planned that the tailings will be the first ore that will be reprocessed through the mill. We plan on reprocessing all of the current tailings below the mill as they retain values that were left because of poor recovery through the mill circuit. In order to process anything through the mill, we will need to complete the construction of an approved tailings pond. The tailings pond that was approved by the Utah Department of Water Quality in 2009 has been changed a little and we have gone through the process of resubmitting those changes to Woody Campbell with the DEQ and have subsequently received a new construction permit to start construction on the tailings pond. We have gone through a construction bid process and have awarded the bid to a construction company located in Cedar City, Utah.

As you are aware, Jay Gatten and Doug Jensen with North American Exploration are preparing the amendment to the Large Mine Permit. They have advised me that the amendment is very close to completion and ready to submit to your office.

Within the amendment, the tailings pond is included as additional disturbed acreage. The attached mapping identifies the 23.45 acres that the tailing pond will encompass (Mill Tailings Pond 2011). Within the tailings pond footprint there exist approximately 9.57 acres that are identified as acreage covered under the original Large Mine Permit (M/001/0067). These areas are identified as a portion of the Tailings Repository, the Expanded Topsoil Pile, and the Existing Topsoil Piles (Figure 2). This would equate to an additional new disturbed acreage of 13.88 acres specific to the tailings pond footprint or an additional \$62,460.00 (13.88 acres x \$4,500.00 p/acre) required for reclamation.

The two questions I have is if you will allow us to start construction on the tailings pond if the amendment has not been approved and any additional bonding required is not in place? If you will not allow us to start construction, would you accept additional bonding in lieu of the approval and new bonding calculations so we can commence construction on the tailings pond?

Sincerely;

A handwritten signature in blue ink, appearing to read "Ron Wunderlich", written in a cursive style.

Ronald J. Wunderlich  
Land and Permitting Manager